

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2554
ANSWERED ON:09.12.2005
MEETING WITH CHIEFS OF PSBS
Sethi Shri Arjun Charan

Will the Minister of FINANCE be pleased to state:

(a) whether he had called for a meeting with Chiefs of the Public Sector Banks on 18th November, 2005 to discuss inter-alia strategy to be adopted to make their functioning competitive with sound financial base; and

(b) if so, the details of decision arrived therein ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRIS.S. PALANIMANICKAM)

(a)&(b) : Yes, Sir. Finance Minister met CEOs of Public Sector Banks (PSBs) on 18th November, 2005. The following major decisions were taken in the meeting :-

(i) Expeditious merger of RRBs,

(ii) Enhancing flow of credit to agriculture and greater lending to the tenant farmers,

(iii) Enhancement of targets for credit linking of Self Help Group (SHGs), Bankers to be proactive in relief measures for earthquake victims of J&K, Bankers to ensure `zero error` system in On Line Tax Accounting Keeping in view the Basel II prescriptions, the banks to assess and prepare for Capital Adequacy.

(vii) The PSBs should ensure that fresh slippages do not exceed 1% of Gross NPAs. Further, PSBs to take expeditious steps to clear smaller NPA accounts with outstanding of less than Rs. 25,000/-.

PSBs have been requested to continue to deepen the dialogue with the employees and officers to obtain a consensus in favour of consolidation of PSBs.

(ix) To provide banking services to all segments of the people, particularly the poor, the PSBs have been advised to adopt innovative methods to extend their services to uncovered areas and people,

(x) PSBs to take measures for stepping up of credit to SMEs.